



**Independent Member of Nexia International**

**[cohnreznick.com](http://cohnreznick.com)**

**The Crenulated Company, Ltd.**  
**Financial Statements  
and Independent Auditor's Report**  
**June 30, 2022**

---

**The Crenulated Company, Ltd.**

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8

## Independent Auditor's Report

To the Board of Directors  
The Crenulated Company, Ltd.

### *Opinion*

We have audited the financial statements of The Crenulated Company, Ltd., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Crenulated Company, Ltd. as of June 30, 2022, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Crenulated Company, Ltd. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Crenulated Company, Ltd.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Crenulated Company, Ltd.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Crenulated Company, Ltd.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*CohnReznick LLP*

New York, New York  
January 26, 2023

**The Crenulated Company, Ltd.****Statement of Financial Position  
June 30, 2022**Assets

Current assets	
Cash	\$ 795,165
Accounts receivable	1,974
Grants receivable	1,878,580
Prepaid expenses	60,737
	<hr/>
Total current assets	2,736,456
	<hr/>
Due from affiliates	4,793,632
Interest receivable - note, net	193,196
Note receivable, net	893,000
Intangible asset, net of accumulated amortization of \$13,847	118,726
Furniture and equipment, net of accumulated depreciation of \$159,877	447,161
	<hr/>
Total assets	<u>\$ 9,182,171</u>

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 430,822
Accrued liabilities	185
Deferred revenue	92,293
	<hr/>
Total current liabilities	523,300
	<hr/>
Due to affiliates	5,042,804
	<hr/>
Total liabilities	5,566,104
	<hr/>
Contingency	-
Net assets	
With donor restrictions	1,000,851
Without donor restrictions	2,615,216
	<hr/>
Total net assets	3,616,067
	<hr/>
Total liabilities and net assets	<u>\$ 9,182,171</u>

See Notes to Financial Statements.

**The Crenulated Company, Ltd.**

**Statement of Activities and Changes in Net Assets  
Year Ended June 30, 2022**

	Without donor restriction	With donor restriction	Total
Operating revenue and support			
Grant revenue	\$ 3,480,864	\$ 1,607,850	\$ 5,088,714
Net assets released from restriction	941,333	(941,333)	-
Tuition, members' dues and miscellaneous income	1,089,486	-	1,089,486
Interest income - note	32,165	-	32,165
Private foundation grants	3,034,390	-	3,034,390
	<u>8,578,238</u>	<u>666,517</u>	<u>9,244,755</u>
Total operating revenue and support			
Operating expenses			
Program services			
Community services	8,750,175	-	8,750,175
Supporting services			
General and administrative	1,298,843	-	1,298,843
Fund-raising	204,149	-	204,149
	<u>10,253,167</u>	<u>-</u>	<u>10,253,167</u>
Total operating expenses			
Other income			
PPP loan forgiveness - principal and interest	1,198,000	-	1,198,000
	<u>1,198,000</u>	<u>-</u>	<u>1,198,000</u>
Total other income			
Change in net assets	(476,929)	666,517	189,588
Net assets, beginning of year	<u>3,092,145</u>	<u>334,334</u>	<u>3,426,479</u>
Net assets, end of year	<u>\$ 2,615,216</u>	<u>\$ 1,000,851</u>	<u>\$ 3,616,067</u>

See Notes to Financial Statements.

**The Crenulated Company, Ltd.**

**Statement of Functional Expenses  
Year Ended June 30, 2022**

	Community Services	Supporting Services		Total
		General and Administrative	Fund-Raising	
Salaries	\$ 4,827,352	\$ 354,946	\$ 120,505	\$ 5,302,803
Payroll taxes	374,979	30,201	9,125	414,305
Employee benefits	689,446	39,024	1,709	730,179
Accounting, legal and other professional fees	213,396	676,092	72,810	962,298
Repairs and maintenance	53,892	33	-	53,925
Insurance	372,930	22,732	-	395,662
Utilities	113,262	450	-	113,712
Supplies	656,033	85,427	-	741,460
Advertising	65,199	3,267	-	68,466
Postage	58,420	325	-	58,745
Stationery and printing	3,933	6,577	-	10,510
Conferences and meetings	13,312	6,448	-	19,760
Space rental	130,677	-	-	130,677
Telephone	66,765	23,125	-	89,890
Travel and transportation	47,002	5,672	-	52,674
Food and refreshments	155,759	10,918	-	166,677
Grants and stipends	217,854	-	-	217,854
Miscellaneous	339,828	15,270	-	355,098
Bad debt	238,215	18,336	-	256,551
Depreciation	98,074	-	-	98,074
Amortization	13,847	-	-	13,847
	<u>\$ 8,750,175</u>	<u>\$ 1,298,843</u>	<u>\$ 204,149</u>	<u>\$ 10,253,167</u>

See Notes to Financial Statements.



**The Crenulated Company, Ltd.****Statement of Cash Flows  
Year Ended June 30, 2022**

Cash flows from operating activities	
Change in net assets	\$ 189,588
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	98,074
Amortization	13,847
Write-off of noncollectible grant receivable	256,551
PPP loan forgiveness - principal and interest	(1,198,000)
(Increase) decrease in certain assets	
Interest receivable - note	(32,148)
Grants receivable, net	129,684
Prepaid expense	86,564
Increase (decrease) in certain liabilities	
Accounts payable	205,071
Accrued liabilities	(200,739)
Deferred revenue	92,293
Refundable advances	(1,000)
Net cash used in operating activities	<u>(360,215)</u>
Cash flows from investing activities	
Purchase of intangible assets	(99,774)
Purchase of furniture and equipment	(129,222)
Advances to affiliates	(1,022)
Net cash used in investing activities	<u>(230,018)</u>
Cash flows from financing activities	
Advances from affiliates	<u>1,044,474</u>
Net cash provided by financing activities	<u>1,044,474</u>
Net increase in cash	454,241
Cash, beginning	<u>340,924</u>
Cash, end	<u><u>\$ 795,165</u></u>
Supplemental disclosure of cash flow information	
Cash paid during the year for interest	<u><u>\$ -</u></u>

See Notes to Financial Statements.

## **The Crenulated Company, Ltd.**

### **Notes to Financial Statements June 30, 2022**

#### **Note 1 - Organization**

The Crenulated Company, Ltd. (the "Company" or "Crenulated") was incorporated in the State of New York on April 21, 1989 for the purposes of providing a wide range of community programs and services, many focused on the youth and young adults, and undertaking community organizing campaigns to build local power for community improvements.

On May 9, 2016, the Company ceased real estate operations when it sold its operating assets to NSA 2015 Owner LLC ("NSA"), a company affiliated through common board control of its parent/sponsor, Settlement Housing Fund, Inc. ("SHF"), a nonprofit organization that provides affordable housing and social service programs for low-income individuals and families in the City of New York.

#### **Note 2 - Financial dependency**

As the Company is not generating sufficient cash flow to support its operations, affiliated entities have indicated they intend to continue to provide financial support when required; however, in the event they cannot provide financial support or the Company loses some of its grant funding, management would need to make strategic decisions regarding which of the most heavily subsidized service programs to curtail or suspend.

#### **Note 3 - Summary of significant accounting policies**

##### **Basis of presentation**

In accordance with the accounting guidance for financial statements of not-for-profit organizations, the Company is required to report information regarding its financial position and activities according to two classes of net assets:

*Net Assets With Donor Restrictions* - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity. The Company reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor-imposed restrictions.

Furthermore, information is required to segregate program service expenses from management and general expenses.

The Company conforms to accounting guidance on revenue recognition for nonprofit entities. Under this guidance, contributions received, if any, are recorded as support without or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

## **The Crenulated Company, Ltd.**

### **Notes to Financial Statements June 30, 2022**

#### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **Furniture and equipment**

Furniture and equipment are carried at cost. Depreciation is computed primarily using the straight-line method over five years.

#### **Software**

Software is amortized over the estimated useful life using the straight-line method and is included in intangible assets on the accompany statement of financial position. Amortization expense for the year ended June 30, 2022 was \$13,847. As of June 30, 2022, accumulated amortization was \$13,847.

#### **Grants receivable**

Grants receivable represent outstanding expense reimbursements from various granting agencies for expenses incurred under the Company's programs. Grants receivable are charged to bad debt expense when they are determined to be uncollectible based on a periodic review of the accounts by management. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

#### **Revenue recognition**

##### **Program service fees and membership revenue**

Tuition, camp fees and members' dues are reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing various services. These amounts are due from participants. Generally, the Company bills the participants before the services are provided. Revenue is recognized as performance obligations are satisfied. Payments received in advance are deferred until earned.

Performance obligations are determined based on the nature of the services provided by the Company. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Company believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligations based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to participants receiving services in our programs. The Company measures the performance obligation from the commencement of a program, to the point when it is no longer required to provide services to that participant, which is generally at the time of completion of the program. Revenue for performance obligations satisfied at a point in time is generally recognized when services are provided to the Company's participants and the Company does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Company has elected to apply the optional exemption provided in Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 606-10-50-14 and, therefore, is not required to disclose the aggregate amount of the transaction price

**The Crenulated Company, Ltd.****Notes to Financial Statements  
June 30, 2022**

allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Company's performance obligations consist primarily of providing program services that occur within a fiscal year, thus, there were no unsatisfied or partially unsatisfied obligations at the end of the reporting period.

The Company determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments and discounts provided to program participants in accordance with the Company's policy. The Company determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience.

Tuition and members' dues are recognized as revenue during the period in which the respective program is held. Recognition of tuition and membership dues received in advance are deferred until earned.

**Government grants**

Revenue from grants and contracts with resource providers such as the government and its agencies, other organizations and private foundations are accounted for either as exchange transactions or as contributions. When the resource provider receives commensurate value in return for the resources transferred to the Company, the revenue from the grant or contract is accounted for as an exchange transaction in accordance with ASU 2014-09. For purposes of determining whether a transfer of asset is a contribution or an exchange, the Company deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. Moreover, the execution of a resource provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider. Revenue from grants and contracts that are accounted for as exchange transactions is recognized when performance obligations have been satisfied. Grants and contracts awarded for the acquisition of long-lived assets are reported as nonoperating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as deferred revenue.

Grant revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

**Contribution revenue**

The Company recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Donated assets are recorded at their fair market value on the date of donation.

## The Crenulated Company, Ltd.

### Notes to Financial Statements June 30, 2022

#### Income taxes

The Company has applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax-exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the year ended June 30, 2022. Due to its tax-exempt status, the Company is not subject to income taxes. The Company is required to file and does file informational returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes, and the Company has no other tax positions which must be considered for disclosure. Informational returns filed by the Company are subject to examination by the IRS for a period of three years. While no informational returns are currently being examined by the IRS, tax years since 2019 remain open.

#### Note 4 - Liquidity and availability

The Company regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As of June 30, 2022, the Company's liquid resources and financial assets available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets at fiscal year-end	
Cash	\$ 795,165
Accounts receivable	1,974
Grants receivable	<u>1,878,580</u>
Financial assets	<u><u>\$ 2,675,719</u></u>

Additionally, the Company had access to a line of credit until that could be drawn upon to pay general expenditures when they became due until December 2022, at which point a revolving loan fund with SHF became available for the same purpose (see Note 7). Management believes the Company will have sufficient liquidity to fund its operations and meet its obligations as they become due for at least the 12-month period beginning on January 26, 2023.

#### Note 5 - Paycheck protection program federal loan

In February 2021, the Company received loan proceeds from Northeast Bank in the amount of \$1,193,260 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount would be reduced if the borrower terminated employees or reduced salaries during the covered period. Any unforgiven portion of a PPP loan was payable over two or years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. No payments were due until maturity on May 4, 2022. The loan bore interest at 1.00% per annum. During the year ended June 30, 2022, the principal balance and the accrued interest of \$4,740 was forgiven in full.

#### Note 6 - Government contracts

During the year ended June 30, 2022, the Company received payments under various contracts with The State Department of Education in connection with the Youth Development Program. All advances received as of June 30, 2022 have been earned.

**The Crenulated Company, Ltd.**

**Notes to Financial Statements  
June 30, 2022**

**Note 7 - Related party transactions**

**Notes receivable**

On May 9, 2016, the Company sold its real estate operations, consisting of 14 buildings, to NSA for \$84,500,000, the proceeds of which consisted of a seller's note for \$61,765,000 with \$22,735,000 paid in cash and used to pay the following: approximately \$343,000 of closing taxes, fees and charges, satisfaction of the New York City Department of Housing Preservation and Development Article 8A loan of \$225,000 and approximately \$18,280,000 to fund the liquidity reserve account, with the remaining balance of \$3,887,000 advanced to Settlement Housing Fund, Inc. for additional rehabilitation costs of the property sold to NSA. The Company simultaneously executed a seller's reserve loan for \$893,000 to fund required reserves under NSA's mortgage obligations with New York State Housing Finance Agency. The terms of the Seller's Notes Receivable provide for interest to accrue at 3.6% per annum, with all principal and accrued interest maturing in October 2048. Repayment of the Seller's Notes Receivable is subordinated to NSA's Multifamily Note to Fannie Mae in the original amount of \$24,640,000. During the year ended June 30, 2022, deferred interest income on the seller notes was \$2,223,540. As of June 30, 2022, the balance of the principal and interest receivable on the seller notes is \$61,765,000 and \$13,362,562, respectively. During the year ended June 30, 2022, interest income recognized on the seller's reserve loan totaled \$32,165. As of June 30, 2022, the balance of the principal and interest receivable on the seller's reserve note was \$893,000 and \$193,196, respectively.

The Seller's Notes Receivable are presented net of \$61,765,000 deferred gain from the excess of the sale price for the real estate operation over its carrying value immediately prior to such sale. The deferred excess and interest income on the notes are recognized proportionately as payments are received on the note. During the year ended June 30, 2022, no amounts were recognized.

The net balances of the above loans are summarized below:

<u>Loan</u>	<u>Receivable at June 30, 2022</u>	<u>Deferred at June 30, 2022</u>	<u>Net at June 30, 2022</u>
Seller Note	\$ 61,765,000	\$ (61,765,000)	\$ -
Seller's Reserve Loan	893,000	-	893,000
Seller Note - Interest	13,362,562	(13,362,562)	-
Seller's Reserve Loan - Interest	193,196	-	193,196

**Line of credit**

During 2018, SHF entered into an agreement with TD Bank for a nonrevolving line of credit with a three-year term on behalf of the Company. The line of credit bears interest at 5.5%. As of June 30, 2022, \$254,257 has been drawn on the line of credit and advanced to the Company. As of June 30, 2022, \$254,257 remains payable to SHF and is included in due to affiliates on the statement of financial position. During the year ended June 30, 2022, no interest was incurred. Beginning in fiscal year 2023, the Company no longer has access to draw on this line of credit, however on December 20, 2022 the Company entered into a revolving loan fund agreement with SHF to fund operations as necessary, up to \$500,000, for a period of one year.

**Reimbursable costs**

The Company is reimbursed for overhead expenses from New Settlement Community Campus Corporation ("NSCCC"), including custodial services, supplies, property insurance and professional

**The Crenulated Company, Ltd.****Notes to Financial Statements  
June 30, 2022**

fees. During the year ended June 30, 2022, \$300,419 of overhead expenses were reimbursed by NSCCC.

**Community service fee**

The Company provides community service programs to Newset II Housing Development Fund Corporation (an affiliate of the Sponsor). The annual fee for these services is \$48,000, as defined in the management services agreement. During the year ended June 30, 2022, \$48,000 of fees were recognized and paid in full.

**Community center fee**

Beginning in September 2012, the Company has a community center use agreement with NSCCC to run its programs, at an annual rate of \$200,000, with an annual increase of 3%. During year ended June 30, 2022, \$130,677 of fees were incurred and remain payable to NSCCC and are included in due to affiliates on the statement of financial position.

**Advances**

The Company advanced noninterest-bearing funds to SHF that are due on demand for rehabilitation of assets at the time of sale of NSA. As of June 30, 2022, the balance of these funds is \$4,233,341 and is included in due from affiliates on the statement of financial position.

The Company has been advanced noninterest-bearing funds from SHF and NSCCC that are due on demand. As of June 30, 2022, the balances of these funds are \$27,171 and \$831,742, respectively, and are included in due to affiliates on the statement of financial position.

Pursuant to a development agreement between NSA and SHF, development fees are due from NSA to SHF. Beginning in 2017, NSA started paying development fees to Crenulated, in lieu of SHF, to support operations of Crenulated. These funds are owed by Crenulated to SHF and are noninterest-bearing. As of June 30, 2022, \$3,798,957 remains payable from the Company to SHF and is included in due to affiliates on the statement of financial position.

The Company has advanced noninterest-bearing funds to NSA that are due on demand for rehabilitation of assets. As of June 30, 2022, the balance of these funds is \$560,291 and is included in due from affiliates on the statement of financial position.

**Note 8 - Net assets with donor restrictions**

As of June 30, 2022, net assets with donor restrictions is comprised of grant revenue from private foundations of \$1,000,851. During the year ended June 30, 2022, net assets of \$941,333 were released from restrictions by satisfying restricted purposes.

**Note 9 - Contingency****Coronavirus**

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of lease revenue and other material adverse effects to the Company's financial position, results of operations, and cash flows. The Company is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. The Company's performance in future periods will be heavily influenced by the timing, length, and intensity of any business disruptions from COVID-19 and the related effects on

**The Crenulated Company, Ltd.**

**Notes to Financial Statements  
June 30, 2022**

the Company's operations. Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on the Company.

**Note 10 - Pension plan**

The Company participates in the Service Employees International Union, Local 32BJ (the "Union") pension plan, health plan and other welfare plans under a collective bargaining agreement (the "Agreement") that covers certain of the Company's employees. This Agreement expires on March 14, 2023. The pension plan is a multiemployer, noncontributory defined benefit pension plan. The pension plan is administered by a joint board of trustees and employer trustees and operates under EIN 13-1819138. The pension plan year runs on a calendar-year basis. Employers contribute to the pension plan in accordance with the Agreement, which generally provides that the employers contribute to the pension plan at a fixed rate on behalf of each covered employee. Separate actuarial information regarding such pension plans is not made available to the contributing employers by the Union administrators or trustees, since the plans do not maintain separate records for each reporting unit. However, on March 31, 2017, the actuary certified that for the plan year beginning on January 1, 2017, the pension plan was in critical status under the Pension Protection Act of 2006. The pension plan trustees adopted a rehabilitation plan consistent with this requirement. No surcharges have been paid to the pension plan as of June 30, 2022.

The health plan and other welfare plans provide health and other general benefits to eligible participants under the terms of the Agreement with the Union. The health plan is administered by a board of trustees, with equal representation by the employers and the Union. The health plan and other welfare plans receive contributions in accordance with the Agreement, which generally provides that the employers contribute to the health plan and other welfare plans at fixed rates on behalf of each covered employee. The Agreement was assigned to NSA as of May 9, 2016, the date of the sale of the real estate operations. Contributions made by the Company to the multiemployer benefit plans for the year ended June 30, 2022 are as follows:

Pension plan	\$	84,183
Health plan		533,074
Other welfare plans		<u>112,922</u>
		<u>\$ 730,179</u>

The Company sponsors a 403(b) pension plan covering all employees who work a minimum of 1,000 hours per year. Employees can contribute up to a maximum amount allowable by law. The Company matches its employees' contributions up to 5% of each covered employee's salary. Pension expense was \$84,183 for the year ended June 30, 2022 and is included in employee benefits in the statement of functional expenses.

**Note 11 - Concentration of credit risk**

The Company maintains cash in multiple commercial banks. The cash accounts are insured by the Federal Deposit Insurance Company up to \$250,000. The Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to the balance as of June 30, 2022.



**The Crenulated Company, Ltd.**

**Notes to Financial Statements  
June 30, 2022**

**Note 12 - Subsequent events**

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions after the statement of financial position date require disclosure in the accompanying notes. Management evaluated activity of the Company as of January 26, 2023 (the date the financial statements were available to be issued) and concluded that, except as noted in Note 7, no subsequent events have occurred that would require recognition in the financial statements or disclosure is required in the notes to the financial statements.



**Independent Member of Nexia International**

**[cohnreznick.com](http://cohnreznick.com)**